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RUEHPE/AMEMBASSY LIMA 0633
RUEHSG/AMEMBASSY SANTIAGO 3803
RUEHAO/AMCONSUL CURACAO 1045
RUEHGL/AMCONSUL GUAYAQUIL 0696
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SUBJECT: AMBASSADOR VISITS ANZOATEGUI STATE

REF: A. CARACAS 65

- 1B. CARACAS 190
- 1C. CARACAS 341
- 1D. CARACAS 1445
- 1E. CARACAS 2667
- 1F. CARACAS 3131

11. SUMMARY: (U) With an eye to highlight USG-related activities and institutions in eastern Venezuela, Ambassador Brownfield visited the state of Anzoategui on October 19-20, 12006. When BRV meddling prohibited visits to U.S. business plants in the Jose industrial complex, he met with Exxon Mobil (XM) representatives in their office, he met a local opposition mayor, visited the American Corner and held a well-attended press conference, conducted a town hall meeting with the local American community, breakfasted with members of the Venezuelan American Chamber of Commerce (VENAMCHAM) and participated in the now-annual Fundamigos event for cleft palate surgery. The trip received significant positive press coverage. END SUMMARY.

OIL WELLS PUMPING, BUT INCREASINGLY UNDER PRESSURE

12. (SBU) The Ambassador planned to visit two sites at the refining-petrochemical complex in Jose, near the city of Barcelona in Anzoategui state during his visit there on October 19-20. Meetings and site visits were arranged for the Fertinitro ammonia and urea plant (which is operated and 35 percent owned by U.S.-based Koch Industries) and the Cerro Negro upgrader site (operated by XM and partially owned along with PDVSA and BP) that processes extra heavy crude pumped up from the Orinoco Belt. Post received a fax October 16 from the managing director of Fertinitro canceling the visit and stating that post had to submit all visit requests through the Ministry of External Relations (MRE). (Note: We believe the order came from Pequiven higher ups, as local management seemed enthused about the visit. End note.) XM was informed concurrently that the head of security for the PDVSA-managed Jose complex had issued orders to prevent the American Ambassador from entering the entire complex. (Comment: The Ambassador has previously visited both the Cerro Negro and Hamaca upgrader facilities in the Jose complex. It is

difficult to tell whether the actions taken last week to keep him out are part of a concerted national effort to prevent his outreach activities, are related to the upcoming elections, or simply the result of an overzealous PDVSA or BRV official. Post intends to follow up with the MRE via dipnote and will report our findings via septel. Clearly, it is reasonable to suggest that the denial by the BRV of access by the U.S. Ambassador to U.S. facilities would have reciprocal implications for the BRV Ambassador in the United States. End Comment.)

¶13. (SBU) As an alternative to the site visit, the Ambassador participated in a lunch with XM employees at a local conference center where he was briefed on current operations at the Cerro Negro field and upgrader. The assembled engineers and executives were upbeat, noting for example that they had completed a full overhaul with only 27 days downtime (instead of the scheduled 30 or the 60 it took a local competitor) and that they expected the upgrader to now run for 5 years without significant maintenance. Tim Cutt, the President of XM Venezuela, noted that Venezuelan employees are highly regarded by XM and that there are a number of them now working abroad. At the same time, there remains much uncertainty as to the future of this enterprise. PDVSA and XM are currently negotiating the proposed conversion of their investment into a joint venture (see reftels) and XM is being required to negotiate a single collective bargaining contract for all of its employees. As a result, they fear that labor costs may go up as much as 100 percent. There is also talk of moving to "social needs" employment practices, where potential employees would be hired based on social need, rather than qualifications.

¶14. (SBU) XM also highlighted its community service projects,

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including "Abriendo Caminos," which provides vocational training for over 300 people a year and the Padre Salinero school, which has 1500 students and constitutes a USD 3 million investment by the company. The Ambassador underlined the importance of corporate responsibility and that in the current political environment it was important for companies to be pro-active or risk having social program contributions forced upon them with no input or control.

LECHERIA A BASTION OF OPPOSITION, GOOD GOVERNANCE

¶15. (SBU) The Ambassador met with the Mayor of Lecheria (and member of opposition party Primero Justicia (PJ)), Gustavo Marcano, before visiting the American Corner in his city. They discussed the current political climate in Venezuela, with the Mayor noting that 80 percent of the population considers security its prime concern. He and the Ambassador discussed the potential for training assistance for the police force and the International Visitor program. The Mayor said that there was not much political pressure at the moment from the BRV or MVR and that his city had contact with the state and national governments. Marcano noted that Chavez's party, Movimiento Quinta Republica (MVR), is divided, and Marcano seemed fairly confident that consensus opposition candidate Manuel Rosales would run a good campaign leading up to the December 3 elections. In fact, Rosales billboards and posters were visible in the area -- a change from the time of an EmbOff's visit two weeks before.

¶16. (SBU) The American Corner in Lecheria was inaugurated by the Ambassador during his visit to the region in 2005. When the control officer visited the day prior, the center was hosting English language lessons for children and appears to be a vibrant part of the Lecheria community. The Ambassador visited the facility with the Mayor, chatted about English lessons with assembled students, and took questions from the press. There were approximately 50 attendees, about half from the community and half from the press corps. (Comment:

The town of Lecheria (population 21,000) is sandwiched between Barcelona and Puerto La Cruz (combined population near 700,000). It is a middle and upper class enclave with streets in good repair, a competent police force, and street signs prevalent. There were many posters for opposition candidate Rosales, though Mayor Marcano noted that those he put up outside the city limits tended to disappear. End Comment.)

AMERICAN TOWN HALL MEETING

¶ 17. (SBU) On the evening of October 19, the Ambassador visited the local American school, Colegio Internacional de Puerto La Cruz, for a town hall meeting with the American community. About 50 American citizens attended to hear the Ambassador explain the current state of U.S.-Venezuelan relations. The Ambassador expounded on the pillars of the American community (the consular warden, the Embassy, the American Chamber of Commerce and the American school. The assembled group asked about the potential for violence surrounding the December elections, the threat to private schools posed by the new education law, the UNSC vote, government spending by the BRV and the Ambassador's relationship with Hugo Chavez.

VENEZUELAN, AMERICAN BUSINESSMEN

¶ 18. (SBU) The local VENAMCHAM chapter hosted the Ambassador for breakfast on October 20. The 25 assembled business leaders represented a variety of industries (commerce, construction, finance, health, media, real estate, telecommunications and transportation). The tone of the meeting was upbeat, though the business community was worried by the increasing pressure placed on it by government regulations and the decreasing quality of government

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services. The members had a variety of plans and requests, including arbitration courts for real estate, mandated and guaranteed bank lending for housing, hospital investment and park construction. One member noted the increasing competitiveness of China and wondered if the government was playing favorites. The Ambassador encouraged them to come up with concrete plans and to promote corporate responsibility as a way of giving back to the community and demonstrating their commitment to Venezuelan society.

AMBASSADOR ONE-UPS CHAVEZ AT HOSPITAL RAZETTI

¶ 19. (SBU) The Ambassador's last visit in Anzoategui was to Hospital Razetti. The hospital is the main hospital for the region and hosted the Ambassador last year when he inaugurated the visit of American doctors, who work with local NGO Fundamigos to provide free cleft palate surgery to hundreds of Venezuelan children annually via a USD 15,000 USAID grant. The Ambassador participated in unveiling a new plaque commemorating his visit, then proceeded (with 30 or so members of the press corps in tow) to hold a small press conference and to visit children and families awaiting the operation, as well as the operating rooms. The context of the visit was very positive -- American and Venezuelan doctors working together to help children -- and provided the Ambassador the chance to highlight deep U.S. ties and contributions to Venezuela. Coincidentally, Chavez visited the same hospital a few weeks prior. (Note: Both the Hospital event and the press conference at the American Corner presented prime opportunities to unveil our new t-shirt commemorating the friendship between George Washington and Venezuelan Independence hero Francisco de Miranda. End Note.)

COMMENT

¶10. (SBU) The Ambassador was well-received in Anzoategui. Apart from the last-minute cancellations noted above, there were no other examples of BRV interference. RSO received support from both local and state police and there were no demonstrations or other impediments to the Ambassador's plans. As usual, the Ambassador requested meetings with the governor, the mayors of Puerto La Cruz and Barcelona and the regional military commander, and as usual the BRV never responded. Press coverage was heavy and positive.

BROWNFIELD